

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-14 EUR-12 EA-12 IO-14 ISO-00

L-03 FRB-01 OMB-01 ITC-01 SP-02 USIA-15 AGRE-00

AID-05 CIAE-00 COME-00 INR-07 LAB-04 NSAE-00

OIC-02 SIL-01 STR-05 TRSE-00 CEA-01 SS-15 INT-05

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FM USMISSION GENEVA

TO SECSTATE WASHDC 1931

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY DJAKARTA

AMEMBASSY KINSHASA

AMEMBASSY LIMA

AMEMBASSY LONDON

AMEMBASSY LUSAKA

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY SANTIAGO

AMEMBASSY STOCKHOLM

UNCLAS GENEVA 8747

BRUSSELS FOR USEEC, ROME FOR FAO

E.O. 11652: N/A

TAGS: UNCTAD, ETRD

SUBJECT: UNCTAD COMMODITIES: COPPER: INFORMAL REVIEW OF
ECONOMETRIC STUDY

1. THE INTERGOVERNMENTAL GROUP OF EXPERTS ON COPPER (GEC)
MET INFORMALLY IN GENEVA ON OCTOBER 7 AT THE REQUEST OF ITS
CHAIRMAN, STREEB OF USA, TO PROVIDE GGUIDANCE ON A NUMBER OF
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ISSUES TO THE CONTRACTOR FOR THE GROUP'S PRICE STABILIZATION
SIMULATIONS.

2. THE GROUP MET WITH A REPRESENTATIVE FROM CHARLES RIVER
ASSOCIATES (CRA), THE CONTRACTOR PREPARING ANUMBER OF PRICE
STABILIZATION SIMULATIONS UNDER TERMS OF REFERENCE PROVIDED
BY THE IGEC IN ITS AUGUAST MEETING. ATTENDANCE AT THE SESSIONS,

PARTICULARLY IN THE AM, GREATLY EXCEEDED THE CHAIRMAN'S EXPECTATION AND INCLUDED REPS FROM 21 COUNTRIES, THE OECD, EC AND CIPEC. MANY DELEGATIONS WERE REPRESENTED BY POLICY-MAKING OFFICIALS AS WELL AS BY ECONOMETRIC EXPERTS.

3. THE CRA REPRESENTATIVE, MR. LONOFF, OUTLINED THE STRUCTURE OF THE ECONOMETRIC COPPER MODEL AND INDICATED THE AREAS IN WHICH HE SOUGHT GUIDANCE FROM THE EXPERTS' GROUP IN ORDER TO COMPLETE THE SIMULATIONS. HE SOLICITED RECOMMENDATIONS ON HOW THE STUDY SHOULD DEAL WITH: (1) ASSUMPTIONS REGARDING THE SIZE OF AN INITIAL STOCK ENDOWMENT, (2) THE VALUATION OF INITIAL AND TERMINAL STOCKS, AND (3) PROCEDURES FOR THE INTRODUCTION OF SUPPLY MANAGEMENT (EXPORT AND PRODUCTION CONTROLS).

4. IN THE FIRST AREA THE CONTRACTOR WAS INSTRUCTED TO ASSUME NO STOCK ENDOWMENT. THIS RESOLVED THE ISSUE OF THE VALUE OF INITIAL STOCKS. IT WAS DECIDED TO IGNORE ANY VALUATION OF TERMINAL STOCKS SINCE ANY DELEGATION COULD DO SO ON ITS OWN WITH THE MODEL RESULTS. ON THE MORE CONTROVERSIAL ISSUE OF SUPPLY MANAGEMENT CRA WAS INSTRUCTED TO IGNORE EXPORT CONTROLS BUT TO TREAT PRODUCTION CONTROLS AS SUPPLEMENTARY TO THE BUFFER STOCK WHEN LIMITATIONS ARE IMPOSED ON STOCK ACQUISITION FOR THE COMBINED BUFFER STOCK/SUPPLY MANAGEMENT SIMULATION. IN THE CONTEXT OF THIS DISCUSSION THE CONTRACTOR WAS ALSO INSTRUCTED TO ASSUME THAT ALL BUFFER STOCK ACTIVITY IS CARRIED ON AT THE LIMITS OF THE STABILIZATION BAND.

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5. THE CHAIRMAN INDICATED THAT WITH THE GUIDANCE RECEIVED FROM THE GROUP THE CONTRACTOR SHOULD HAVE NO PROBLEM IN MEETING THE NOVEMBER 1 DELIVERY DATE FOR THE FINAL REPORT. A NUMBER OF DELEGATES EXPRESSED AN INTEREST IN RECEIVING THE EQUATIONS AND SUMMARY STATISTICS OF THE MODEL. FOR PROPRIETARY REASONS CRA CANNOT RELEASE THEM BUT MR. LONOFF AGREED TO DISCUSS DETAILS PRIVATELY WITH INTERESTED EXPERTS.

6. THE CHAIRMAN ALSO REPORTED THAT HE HAD RECEIVED A SUBMISSION ON A PRODUCER CONSUMER FORUM (PCF) FROM FRANCE. HE ANNOUNCED THAT THE US IS PREPARING A DRAFT ON A PCP AND THAT MICHAEL JOHNSON OF THE UK HAD INDICATED HIS GOVERNMENT'S INTENTION TO SUBMIT A DRAFT AS WELL.

7. STREEB WAS ALSO TOLD BY THE CIEC REPRESENTATIVE IN ATTENDANCE THAT INDONESIA, ON ITS OWN BEHALF, MIGHT SUBMIT A PRODUCER'S VIEW ON A PCF.

8. THE ONLY INDICATION OF OTHER STUDIES TO BE SUBMITTED WAS BY JAPAN ON THE LEGAL, ADMINISTRATIVE AND TECHNICAL ASPECTS OF SUPPLY MANAGEMENT SCHEMES. SORENSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMODITIES, COPPER, INTERNATIONAL ORGANIZATIONS, CONSULTANTS, MEETINGS
Control Number: n/a
Copy: SINGLE
Sent Date: 14-Oct-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770378-0754
Format: TEL
From: GENEVA
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19771061/aaaabzkz.tel
Line Count: 116
Litigation Code IDs:
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Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 922999
Secure: OPEN
Status: NATIVE
Subject: UNCTAD COMMODITIES: COPPER: INFORMAL REVIEW OF ECONOMETRIC STUDY
TAGS: ETRD, PORG, UNCTAD
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c4fc942f-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009